

SINGLE AUDIT SECTION

CITY OF LINCOLN, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
OFFICE OF NATIONAL DRUG CONTROL POLICY				
Pass-Through Nebraska State Patrol:				
High Intensity Drug Trafficking Area	07	I8PMWP6347-2	\$ 51,229	
High Intensity Drug Trafficking Area	07	I7PMWP6347-2	14,227	
High Intensity Drug Trafficking Area	07	09H02	<u>18,331</u>	\$ 83,787
U.S. DEPARTMENT OF AGRICULTURE				
Direct Programs:				
Community Food Projects (Open Harvest)	10.225	2006-33800-17641	\$	42,702
Pass-Through State Department Of Health And Human Services:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	2008	78,405	
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	EO 081797	<u>607,017</u>	685,422
Summer Food Service Program for Children	10.559	06/08-08/08	3,712	
Summer Food Service Program for Children	10.559	06/09-08/09	<u>196,589</u>	200,301
Nutrition Program for the Elderly (Commodities)	10.570			<u>144,494</u>
Total U.S. Department Of Agriculture				<u>\$ 1,072,919</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Congregate Housing Services Program (Mahoney Manor)	14.170	NE26-G940-001	\$ 58,860	
Congregate Housing Services Program (Burke Plaza)	14.170	NE26-G940-002	<u>44,334</u>	103,194
Community Development Block Grant	14.218	* B-08 MC-31-0001		2,153,794
Shelter Plus Care	14.238	NE26C602001		17,988
HOME Investment Partnerships Program	14.239	M-08 MC-31-0202		1,681,533
Community Development Block Grants/Economic Development Initiative	14.246	B-06-SP-NE-0621		4,015
Economic Development Initiative - Special Project	14.251	B-08-SP-NE-05037		70,000
Homelessness Prevention and Rapid Re-Housing Program ARRA	14.257	S-09-MY-31-0002		3,602
Fair Housing Assistance Program - State and Local	14.401	FF207K087017		133,548
Pass-Through State Department Of Health And Human Services:				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	2008	579	
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	PB-98709707-0	<u>1,492</u>	2,071
Total U.S. Department Of Housing And Urban Development				<u>\$ 4,169,745</u>
U.S. DEPARTMENT OF INTERIOR				
Pass-Through State Historical Society:				
Historical Preservation Fund Grants-in-Aid	15.904	08/09	\$ 19,250	
Historical Preservation Fund Grants-in-Aid	15.904	09/10	<u>5,325</u>	\$ 24,575
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
The Community-Defined Solutions to Violence Against Women Grant Program (VAWA Interpreters)	16.590	2007-WE-AX-0057	\$	120,685
Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications Technology Grant Award)	16.710	2004INWX0014	5,263	
Public Safety Partnership and Community Policing Grant (Meth 360)	16.710		<u>5,763</u>	11,026
Pass-Through Lancaster County:				
Violence Against Women Formula Grants	16.588	07-VW-707		33,887
The Community-Defined Solutions to Violence Against Women Grant Program (VAWA Interpreters)	16.590	04WEA20049C090190		10,833
Pass-Through Nebraska State Patrol:				
Missing Children's Assistance (Internet Crimes Against Children)	16.543	07-IC-03		1,045
Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)	16.710	06-ME-03		11,898

(Continued)
See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
Pass-Through State Comm. On Law Enforcement And Criminal Justice: Crime Victim Assistance	16.575	08-VA-234/08-VS-900		88,546
Byrne Justice Assistance Grant Program (Street Drug Dealer Apprehension Program)	16.738	08-DA-305	61,963	
Byrne Justice Assistance Grant Program (JAG Formula)	16.738	2008DJBX0550	<u>89,411</u>	151,374
Community Prosecution and Project Safe Neighborhoods	16.609	07-SN-8901		<u>16,462</u>
Total U.S. Department Of Justice			\$	<u>445,756</u>
U.S. DEPARTMENT OF LABOR				
Pass-Through State Department Of Health And Human Services: Senior Community Service Employment Program	17.235	NGA 2009-122	\$ 36,090	
Senior Community Service Employment Program	17.235	NGA	<u>348</u>	36,438
Pass-Through State Department Of Labor: WIA Cluster:				
Workforce Investment Act (Adult)	17.258	2008	222,342	
Workforce Investment Act (Youth)	17.259	2008	223,147	
Workforce Investment Act (Dislocated Worker)	17.260	2008	405,480	
Workforce Investment Act Incentive/Capacity	17.258	2008	32,758	
Workforce Investment Act (Dislocated Worker)	17.260	EM-17484-08-60-A-31	22,463	
Workforce Investment Act (Adult)	17.259	2009	18,627	
Workforce Investment Act (Dislocated Worker)	17.260	2009	44,083	
Workforce Investment Act (Youth)	17.259	2009	35,539	
Workforce Investment Act Incentive/Capacity	17.258	2009	617	
Workforce Investment Act ARRA (Adult)	17.259	2010	9,626	
Workforce Investment Act ARRA (Dislocated Worker)	17.260	2010	20,613	
Workforce Investment Act ARRA (Youth)	17.259	2010	203,477	
Workforce Investment Act Incentive/Capacity ARRA	17.258	2010	<u>25,638</u>	<u>1,264,410</u>
Total U.S. Department Of Labor				\$ <u>1,300,848</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs: New Freedom Program	20.521	NE-57-0001	\$	43,708
Federal Transit Cluster:				
Federal Transit: Formula Grants (AVL System)	20.507	* NE-26-0001	39,966	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-0068	32,904	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-X058	29,156	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-X064	14,064	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-X069	265,555	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-X070	17,695	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-X072	1,472,271	
Federal Transit: Formula Grants ARRA	20.507	* NE-96-0001	2,747	
Federal Transit: Formula Grants (Transit Planning)	20.507	* NE-90-0068	30,468	
Federal Transit: Formula Grants (Transit Planning)	20.507	* NE-90-0070	30,773	
Pass-Through Nebraska Department Of Roads: Federal Transit: Formula Grants (Transit Planning)	20.507	* RPT -C990(028)	43,134	
Federal Transit: Formula Grants (Transit Planning)	20.507	* RPT -C990(029)	<u>23,084</u>	2,001,817
Pass-Through Nebraska Department Of Roads: Highway Planning and Construction Cluster:				
Highway Planning and Construction (Planning)	20.205	HPR-PL1(46)	360,787	
Highway Planning and Construction (Planning)	20.205	HPR-PL1(47)	107,780	
Highway Planning and Construction (MOPAC Trail)	20.205	STPB-55(155)	447,780	
Highway Planning and Construction (Jamaica North Trail)	20.205	STPB-55(160)	17,159	
Highway Planning and Construction (Surface Transportation Program - West O Street)	20.205	ENH-5266(2)	21,778	
Highway Planning and Construction (9th-10th Street and Van Dorn)	20.205	STPP-5236(1)	26,167	
Highway Planning and Construction (56th and Elkcrest)	20.205	STPP-5241(4)	34,541	
Highway Planning and Construction (Adams West of NW 12th Street)	20.205	BR-5248(4)	540,000	
Highway Planning and Construction (Superior Street at I-80)	20.205	HSIP-5254(8)	20,795	
Highway Planning and Construction (JAVA)	20.205		10,017,405	
Recreational Trails Program (VanDorn/Bison Trail)	20.219	RTP 2007(005)	132,025	
Recreational Trails Program (Boosalis Trail)	20.219	RTP 2008(003)	<u>121,110</u>	11,847,327
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(209)	27,625	
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(210)	<u>5,383</u>	<u>33,008</u>
Total U.S. Department Of Transportation				\$ <u>13,925,860</u>

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Programs:				
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	6FPSLP0107	\$	14,001
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-Through State Library Commission:				
State Library Program (Library Services and Technology Act)	45.310	08.14	\$	7,125
State Library Program (Net Lender Contract)	45.310		4,764	\$ 11,889
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Program:				
Regional Environmental Priority Projects	66.111	R7-98793201-0	\$	12,155
Pass-Through State Department Of Environmental Quality:				
Air Pollution Control Program Support	66.001	M-007056(08)	4,507	
Air Pollution Control Program Support	66.001	M-007056(09)	90,985	95,492
Nonpoint Source Implementation Grants (East Saline Wetlands Project)	66.460	NDEQ 56-00686	247,766	
Nonpoint Source Implementation Grants (Holmes Lake Watershed Project)	66.460	C900740314	6,561	
Nonpoint Source Implementation Grants (Stormwater Best Management Practices)	66.460	C900740316	2,430	256,757
Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring)	66.606	PM997527-01-05	16,727	
Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring)	66.606	EO 080925	12,016	
Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring)	66.606	2009	6,802	35,545
Total U.S. Environmental Protection Agency			\$	399,949
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through State Department Of Health And Human Services:				
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	93.006	STTMP051026	\$	4,611
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	93.006	STTMP051026	4,990	9,601
Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	93.042	NGA 2009-110		5,000
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 2009-146		13,286
Aging Cluster:				
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 2010-029	28,894	
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 2009-143	272,354	
Special Programs for the Aging Title III, Part C: Nutrition Services ARRA	93.045	NGA 2010 ARRA 05	62,816	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2009-144	350,583	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2010-030	8,323	
Special Programs for the Aging Title III, Part C: Nutrition Services ARRA	93.045	NGA 2010 ARRA 06	30,925	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2009-145	109,335	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2010-031	2,976	866,206
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2009-107	128,072	
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2010-033	19,585	147,657
Public Health Emergency Preparedness	93.069	BT-645-123108	125,133	
Public Health Emergency Preparedness	93.069	BT-697-123109	206,621	
Public Health Emergency Preparedness (Pandemic)	93.069	BT-645-123108	70,614	
Public Health Emergency Preparedness (Pan Flu Tabletop Training)	93.069	DO 02296	341	402,709
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	DO 536	177	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	DO 01734	4,490	4,667
Acquired Immunodeficiency Syndrome (Aids) Activity (STD)	93.118	2007	476	
Acquired Immunodeficiency Syndrome (Aids) Activity (STD)	93.118	2008	12,910	13,386
Injury Prevention and Control Research and State and Community Based Programs	93.136	01/08-07/08	248	
Injury Prevention and Control Research and State and Community Based Programs	93.136	DO 01781	1,102	1,350
Immunization Grants (Hepatitis B)	93.268	2008	6,506	
Immunization Grants (Hepatitis B)	93.268	EO 082013	14,354	
Immunization Grants (NE Immunization Action Plan)	93.268	2008	26,009	
Immunization Grants (NE Immunization Action Plan)	93.268	EO 082013	27,003	73,872
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	EO 081439	63,450	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	EO 082437	7,678	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	20480180 2008	5,288	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	090CCU23775	8,587	85,003

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
Refugee and Entrant Assistance Program (Health Screening)	93.566	3120090	1,600	
Refugee and Entrant Assistance Program (Health Screening)	93.566	RES 85442 08/09	14,096	
Refugee and Entrant Assistance Program (Health Screening)	93.566	RES 85442 09/10	<u>1,177</u>	16,873
Social Services Block Grant (SSBG)	93.667			10,658
National Bioterrorism Hospital Preparedness Program	93.889	BT-579-033108	19,501	
National Bioterrorism Hospital Preparedness Program (Pandemic)	93.889	BT-579-033108	<u>20,894</u>	40,395
HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention)	93.940	5120145 2007	1,221	
HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention)	93.940	5120145 2008	9,183	
HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention)	93.940	4012	48,649	
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	5U62PS723501-05 07/08	24,707	
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	5U62PS723501-05 08/09	29,324	
HIV Prevention Activities Health Dept Based (HIV /Train & Quality Assurance CTR/PCRS)	93.940	5U62PS723501-05	<u>6,348</u>	119,432
Preventive Health Services Sexually Transmitted Diseases Control Grants (STD)	93.977	CDC-RFA-PS09-902		15,447
Preventive Health and Health Services Block Grant (Cardiovascular)	93.991	2008-PHHSBG-01-LHD	14,041	
Preventive Health and Health Services Block Grant (Cardiovascular)	93.991	2009-PHHSBG-01-LHD	<u>43,975</u>	58,016
Maternal and Child Health Services Block Grant to the States (Childhood Obesity)	93.994	MCH-09-06	17,762	
Maternal and Child Health Services Block Grant to the States (Injury)	93.994	MCH-08-06	<u>11,559</u>	29,321
Bioterrorism Training and Curriculum Development Program (HRSA)	93.996	BT-566-123107	1,704	
Bioterrorism Training and Curriculum Development Program (HRSA)	93.996	BT-623-123108	147,839	
Bioterrorism Training and Curriculum Development Program (HRSA)	93.996	BT-689-93009	<u>57,576</u>	207,119
Total U.S. Department Of Health And Human Services				\$ 2,119,998
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs:				
Retired and Senior Volunteer Program	94.002	07SRNNE 006 (07/08)	\$ 675	
Retired and Senior Volunteer Program	94.002	04SRNNE 004 (08/09)	<u>80,249</u>	80,924
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent Program	94.011	08SFNNE 004 (08/09)	94,799	
Foster Grandparent Program	94.011	05SFNNE 004 (09/10)	45,246	
Senior Companion Program	94.016	07SCNNE 001 (09/10)	22,145	
Senior Companion Program	94.016	07SCNNE 001 (08/09)	<u>108,517</u>	270,707
Volunteers In Service To America (Youth Achievement)	94.013	2004-DVSA-61321-A21-4101		33,966
Pass-Through Nebraska Volunteer Commission:				
AmeriCorps (Star City Treasures 2007)	94.006	06AFHNE0010004	9,820	
AmeriCorps (Reach for the Stars)	94.006	06ACHNE0010002	225,983	
AmeriCorps ARRA (Go Green Initiative)	94.006	09RCHNE002001	18,706	
AmeriCorps (Keds at the Core)	94.006	06AFHNE0010010	<u>91,178</u>	345,687
Total Corporation For National And Community Service				\$ 731,284
DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2007-CA-0170	\$ 9,392	
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2008-CA-0525	963,248	
National Urban Search and Rescue (US&R) Response System	97.025	2009-SR-24-K020	<u>41,495</u>	1,014,135
Assistance to Firefighters Grant	97.044	EMW-2007-FP-01862		12,303
Pass-Through Nebraska Emergency Management Agency:				
Homeland Security Grant Program (N.E.M.A.)	97.067	2005-GE-T5-0020	20,352	
Homeland Security Grant Program (N.E.M.A.)	97.067	2006-GE-T6-0016	<u>109,112</u>	129,464
Total Department Of Homeland Security				\$ 1,155,902
Total Federal Expenditures				\$ 25,456,513

See Accompanying Notes to Schedule of Expenditures of Federal Awards



CITY OF LINCOLN, NEBRASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

(1) BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the Schedule) is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

(2) REPORTING ENTITY

The City of Lincoln, Nebraska, for purposes of the Schedule, includes all funds of the City as defined in Note 1 of the Notes to the Financial Statements, including Lincoln Electric System, Lincoln Water System, and Lincoln Wastewater System.

Lincoln Electric System (LES) operates on a calendar year basis for reporting purposes as opposed to the August 31 fiscal year basis of the City. As a result, the amounts included in the City's August 31, 2009, basic financial statements for LES are audited amounts as of and for the year ended December 31, 2008.

(3) PASS-THROUGH AWARDS

The City of Lincoln receives certain federal awards in the form of pass-through awards from the State of Nebraska. Such amounts received as pass-through awards are specifically identified on the Schedule.

(4) MAJOR PROGRAMS

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are determined by the independent auditor to be major programs.

(5) SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the City provided federal awards to subrecipients as follows:

<u>CFDA#</u>	<u>Program</u>	<u>Amount</u>
Pass-Through to County Aging Programs:		
10.570	Nutrition Program for the Elderly	\$ 67,494
93.044	Title III, Part B: Grants for Supportive Services and Senior Centers	32,155
93.045	Title III, Part C: Nutrition Services	143,753
93.052	Title III, Part E: National Family Caregiver Support	19,652
Pass-Through to Joint Antelope Valley Authority:		
20.205	Highway Planning and Construction (JAVA)	\$ 10,017,405

(6) FEDERAL LOANS OUTSTANDING

The City administers the following loan programs for which the federal government imposes continuing compliance requirements on the following outstanding balances:

<u>CFDA#</u>	<u>Program</u>	<u>Outstanding Balance as of August 31, 2009</u>
14.218	Community Development Block Grant	\$ 11,513,000
14.239	HOME Investment Partnership Program	12,110,000

New loans included in the Schedule totaled \$546,000 and \$1,033,000, respectively.

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Mayor
and Members of the City Council
City of Lincoln, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lincoln, Nebraska (the "City") as of and for the year ended August 31, 2009, which collectively comprise its basic financial statements and have issued our report thereon dated February 24, 2010, which contained a reference to the report of other accountants. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other accountants audited the financial statements of Lincoln Electric System, as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City's management in a separate letter dated February 24, 2010.

This report is intended solely for the information and use of the governing body, management and others within the City and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

/s/ **BKD, LLP**

February 24, 2010

Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs

The Honorable Mayor
and Members of the City Council
City of Lincoln, Nebraska

Compliance

We have audited the compliance of the City of Lincoln, Nebraska (the "City") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of Lincoln, Nebraska based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Lincoln, Nebraska complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2009.

Internal Control Over Compliance

The management of the City of Lincoln, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

/s/ **BKD, LLP**

February 24, 2010

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs
Year Ended August 31, 2009

Summary of Auditor's Results

1. The opinion(s) expressed in the independent accountants' report was (were):
 Unqualified Qualified Adverse Disclaimed

2. The independent accountants' report on internal control over financial reporting described:
 Significant deficiency noted considered to be a material weakness? Yes No
 Significant deficiency noted that is not considered to be a material weakness? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:
 Significant deficiency noted considered to be a material weakness? Yes No
 Significant deficiency noted that is not considered to be a material weakness? Yes No

5. The opinion(s) expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was (were):
 Unqualified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

7. The Organization's major programs were:

Cluster/Program	CFDA Number
Community Development Block Grant	14.218
Federal Transit Cluster	20.507

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$1,472,385.

9. The Organization qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2009

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
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No matters are reportable.

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2009

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
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No matters are reportable.

City of Lincoln, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2009

Reference Number	Summary of Finding	Status
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No matters are reportable.

